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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 11/02/06

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3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, November 1

NIHON KEIZAI (Page 2) (Full)

November 2, 2006

09:51

Met at LDP headquarters with Lower House members Zentaro Kamei and Taro Kono, joined by Secretary General Nakagawa.

10:05

Met Policy Research Council Chairman Nakagawa.

10:33

Met at Kantei with former Ambassador to Thailand Hisahiko Okazaki.

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11:44

Gave an interview to the Wall Street Journal.

12:22

Met Deputy Chief Cabinet Secretary Suzuki, followed by MAFF Minister Matsuoka.

13:54

Attended a national memorial service for the police officers who died in line of duty, held at Grand Arc Hanzomon.

15:32

Met at Kantei with Vice Foreign Minister Yachi and Foreign Policy Bureau chief Kono. Kono stayed on.

16:13

Met Economic and Fiscal Policy Minister Ota, advisor Nemoto, Assistant Deputy Chief Cabinet Secretary Saka, and others.

17:21

Met Chief Cabinet Secretary Shiozaki in the presence of Saka.

18:14

Met Tanzanian President Kikwete. Afterward hosted a dinner party for the president.

20:54

Returned to his residence in Tomigaya.

4) Prime Minister Abe: "Japan will continue sanctions until abduction issue is resolved"

YOMIURI (Page 2) (Full)

November 2, 2006

Prime Minister Abe, when asked yesterday about what to do about Japan's own sanctions against North Korea in response to its agreement to rejoin the six-party talks, stated: "Japan has imposed sanctions (on North Korea) for its missile launches and nuclear test, as well as its insincere attitude toward the abduction issue. Unless those issues are resolved, we won't remove the sanctions." He thus indicated he would continue the sanctions unless there is progress on the abductions and other issues. He was replying to reporters at the Prime Minister's Official Residence.

Asked about sanctions under the United Nations Security Council resolution, Abe pointed out: "The resolution calls on North Korea to scrap its nuclear weapons. Unless that country does so, the sanctions will not be relaxed or be removed." He continued to add, "As a member of the six-party talks, Japan will work together with other members to call on North Korea to abandon its nuclear programs." He thus emphasized he would work in close cooperation with member nations, such as the United States, China, and South

Korea.

5) US Ambassador to UN Bolton tells kin of Japanese abductees, "The US president is your ally," ensures cooperation with Japan

SANKEI (Page 2) (Excerpts)  
November 2, 2006

Ryosuke Sumii, New York

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Members, now visiting the United States, of the Association of the Families of Victims Kidnapped by North Korea (Family Association) and its supporting group National Association for the Rescue of Japanese Kidnapped by North Korea (Rescue Association) yesterday afternoon (early hours yesterday, Japan time) met with US Ambassador to the United Nations John Bolton. Bolton. He told them, "President Bush is your ally. We'll pursue specific approaches from now on, as well." He went on to say, "If you consult with the Japanese government whatever it may be, it will be relayed immediately to us," promising them even more efforts and cooperation with Japan in order to resolve the abduction issue.

Family Association members asked Bolton that when another sanctions resolution is adopted at the UN Security Council (UNSC), "abductions of foreign nationals" should be added to the reasons for the resolution. Bolton told them, "Resolution 1718 adopted by the UNSC (in the wake of North Korea's nuclear test) referred to (the abduction issue) with the expression 'humanitarian concerns.' This is the starting point. We'd like to advance from it in the future," coming up with a positive stance to get another resolution adopted.

6) 6-party talks to resume; Japan, US to keep tabs on North Korea

NIHON KEIZAI (Page 2) (Abridged)  
November 2, 2006

WASHINGTON-North Korea has now agreed to rejoin the six-party talks over its nuclear arsenal. The talks will be resumed along with the implementation of the United Nations Security Council's sanctions resolution against North Korea's recent nuclear test. The UNSC resolution requires UN members to come up with their follow-up reports on their sanctions by Nov. 13, or 30 days after the UNSC's adoption of the resolution. The United States is concerned about the international community's net around North Korea loosening and is poised to continue its sanctions apart from resuming the six-party talks. Japan will stay in step with the United States. Meanwhile, China and South Korea are strongly inclined to hail North Korea's agreement to return to the talks in and of itself as a positive development. The countries concerned differ in their views.

US Secretary of State Rice has shown her outlook, indicating that the six-party talks would be resumed after a Nov. 18-19 summit meeting of the Asia-Pacific Economic Cooperation (APEC) forum. The countries concerned were first expected to meet early this month. However, the talks will be held late this month at the earliest.

The UNSC has set up a sanctions committee based on its sanctions resolution, and the committee is now working to detail sanctions. UN member countries are mandated to follow up and report their sanctions in 30 days. This deadline, however, is not strict. So the six-party talks will almost coincide with the sanctions committee's evaluation.

The United States is poised to steadily carry out its sanctions. On Oct. 30, Rice reiterated an embargo on luxury items in particular. Rice explained its effectiveness, recounting that it will directly hit the regime that is eager for luxury items while people in North Korea need humanitarian aid. In order to hold fruitful talks, the United States needs to make preparations for a while before resuming the six-party talks.

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7) Japan, US to demand N. Korea declare it will abandon nuclear programs as soon as possible after the six-party talks are restarted

YOMIURI (Page 1) (Full)  
November 2, 2006

The Japanese and US governments yesterday decided to demand that North Korea declare its determination to completely abandon its nuclear programs as soon as possible after the six-party talks are resumed. Tokyo and Washington are expected to call on Pyongyang to announce it will immediately put an end to nuclear testing and come up with a road map detailing a timetable for the abandonment process and a method of verification, for example. The two governments will begin working-level coordination with concerned countries, such as South Korea, starting early next week.

In order to resume the six-party talks as quickly as possible, Tokyo and Washington have agreed on the perception that the resumption of the talks is not premised on the North's declaration that it will completely abandon its nuclear programs. Meeting the press yesterday, Chief Cabinet Secretary Shiozaki indicated that priority was given to resuming the talks and said: "It's important for the North to rejoin the talks unconditionally. The important thing is what will be discussed in the talks."

8) Japan to look for ways to restart Japan-DPRK comprehensive and parallel talks while continuing sanctions

SANKEI (Page 3) (Excerpts)  
November 2, 2006

In response to North Korea's agreement to rejoin the six-party talks to discuss its nuclear issue, the government yesterday began considering restarting the Japan-North Korea comprehensive and parallel talks, a format to discuss the three issues -- abductions, normalization of diplomatic ties, and nuclear weapons and missiles -- together. The first round was held in Beijing in February of this year, but no prospect for the next round is in sight even now. The government intends to look for ways to have a direct dialogue with North Korea, taking advantage of the resumption of the six-party talks, but it remains to be seen whether the North will respond to Japan's request.

When asked about the bilateral talks, a government official yesterday stated: "Assuming a number of possibilities, we are making preparations." In the first round of the talks in February, Japan demanded a full account of the abduction issue and called on the North to hand over the kidnappers to Japan, but the North did not shift its position, arguing that the abduction issue was already resolved. The talks ended without any progress.

For the government, the six-party talks and the bilateral talks are the two wheels of a bicycle, so it wants to use the resumption of the six-party talks to create momentum for reaching a solution to the priority issue of the abductions.

At a press conference yesterday, Chief Cabinet Secretary Yasuhisa Shiozaki indicated a plan to ask other members of the six-party talks to discuss the abduction issue during the session, saying: "We have strongly called for discussion on the abduction issue in the six-party talks. Our policy line remains unchanged."

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However, an official in charge of government negotiations stated: "We've no idea whether North Korea is serious about sitting down for dialogue. We need to see how it will behave."

9) First Abe-Bush summit set for Nov. 18

MAINICHI (Page 5) (Full)  
November 2, 2006

The first summit between Prime Minister Shinzo Abe and US President

George W. Bush will be held on Nov. 18 on the sidelines of the Asia-Pacific Economic Cooperation (APEC) forum in Vietnam. The plan has been finalized through coordination by the two governments. The two leaders are expected to discuss, among other things, their responses to the six-party talks on the North Korean nuclear issue.

10) Succession of African leaders to visit Japan on occasion of Beijing forum

MAINICHI (Page 5) (Abridged slightly)  
November 2, 2006

Prime Minister Shinzo Abe met with Tanzanian President Kikwete at his official residence yesterday. He also had a meeting with President Nguema of Equatorial Guinea on October 31. Two African presidents and five foreign ministers are also scheduled to visit Japan from this week through next week. An usually large number of African leaders are scheduled to visit Japan.

The lineup includes the presidents of Rwanda and Ghana and the foreign ministers of the Republic of Congo, Mozambique, Lesotho, Kenya, and Sudan. In his meeting with Kikwete yesterday, Abe said, "Defining Tanzania as a key country in Africa, we will assist your country." A succession of African leaders will stop in Japan at Tokyo's request on the occasion of the China-Africa Cooperation Forum to be held in Beijing on Nov. 3. "We don't want to see them brainwashed by China. They should hear Japan's views, as well," a Foreign Ministry official said.

11) Okinawa to kick off gubernatorial election today; Ozawa visits Okinawa

TOKYO (Page 2) (Full)  
November 2, 2006

Ichiro Ozawa, president of the leading opposition Democratic Party of Japan (Minshuto), arrived yesterday in Naha City, Okinawa Prefecture. He there visited local opposition parties and local companies at their offices to discuss the Nov. 19 gubernatorial election to be announced today.

In campaigning for the gubernatorial election, five opposition parties—the DPJ, the Japanese Communist Party, the Social Democratic Party (Shaminto), the Liberal League (Jiyu Rengo), and the Okinawa Socialist Masses Party (Okinawa Shadaito or OSMP for short)—are united against the ruling coalition of the Liberal Democratic Party and the New Komeito, and have sponsored as joint candidate Keiko Itokazu, who is currently seated on the House of Councillors in the Diet and will run as an independent new candidate. An Okinawa-based conservative political group, Sozo (or the "Political group of OKINAWA revolution" as its official English name), will also back up

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Itokazu.

Ozawa visited the JCP, SDP, OSMP, and Sozo at their respective offices and also called at Itokazu's campaign headquarters.

Ozawa met with Itokazu at her local office and encouraged her, saying: "I'm glad that we can pull together. Let's make sure you win."

Ozawa will visit Japan's westernmost island of Yonagunijima in the Okinawa prefectural town of Yonaguni and will also visit Japan's southernmost inhabited island of Haterumajima in the Okinawa prefectural town of Taketomi to ask local residents to support Itokazu.

12) Gubernatorial candidate Nakaima suggests relocating Futenma base to Miyakojima, encountering local objections

AKAHATA (Page 4) (Excerpt)  
November 2, 2006

Hirokazu Nakaima, who is the candidate jointly backed by the Liberal Democratic Party and the New Komeito in Okinawa gubernatorial

election, has come out with a statement concurring with the relocation of Futenma Air Station to another location in the prefecture, stating that consideration be given to Shimoji Island Airport (Miyakojima City). This statement has produced a fierce protest from the residents of Miyakojima.

On the other hand, words of welcome came from Defense Agency Director General Kyuma, representing the Japanese government, at his regular press conference on Oct. 31.

13) Ginowan City issues Declaration of Safety Inadequacy that calls Futenma Air Station a threat to peoples' lives

AKAHATA (Page 4) (Full)

November 2, 2006

The city of Ginowan in Okinawa Prefecture that houses the US Marines' Futenma Air Station yesterday issued a Declaration of Safety Inadequacy of Futenma Air Station that cited the base for continuing to be a threat to the lives and property of local residents and as having fallen below the safety standards of the US armed forces. In a press conference at city hall, Mayor Yoichi Iha made the announcement.

According to safety standards set by the US armed forces, the Clear Zone for an airfield of the size of Futenma Air Station should be 900 meters on each side of the runway, and the Accident Potential Zone or APZ is to be set at a scale of 3,600 meters from each side of the runway.

Mayor Iha pointed out that the Clear Zone of Futenma Air Station contains a primary school, kindergarten, crowded shopping streets and the like, none of which are in accordance with US military safety standards. He sharply criticized the situation, stating; "The Japanese and US governments have covered up the dangerous nature of Futenma Air Station."

In addition, he stated: "The helicopter crash in a city university campus two years ago can be said to have demonstrated the

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inevitability of an accident occurring while operating in such a dangerous environment. We can never accept the operation of a base that ignores the safety and lives of the local residents in this way." He sought the immediate closure and return of the base.

14) It's time to rewrite Article 9: Kyuma

NIHON KEIZAI (Page 2) (Full)

November 2, 2006

Defense Agency Director General Fumio Kyuma, sitting on the House of Representatives Security Affairs Committee in its meeting yesterday, suggested the need to rewrite Article 9 of the Constitution, which stipulates Japan's maintenance of no war potential. "I think it's about time to change it," Kyuma stated before the committee. As an example, Kyuma took up the case where the Self-Defense Forces participate in a United Nations force. "I wonder if Japan can do what other countries are doing," Kyuma stated. "Sometimes we may have to say we can't do so because we have constitutional provisions," he added.

15) Minshuto split over bill designed to raise JDA to ministry status

SANKEI (Page 5) (Full)

November 2, 2006

In Minshuto (Democratic Party of Japan), views are split over whether to support a bill designed to raise the Defense Agency (JDA) to ministry status. In the House of Representatives Security Committee, intensive deliberations on collusive bidding at the initiative of JDA were started yesterday and will last until Nov. 7. The ruling camp intends to take a vote on the bill on Nov. 10 after the deliberations. But Minshuto is now in a quandary, as a junior conservative member said, "If a vote is taken before our party

determines its stance on this historical bill, we will result in acting disgracefully."

The Diet Affairs Committee chairmen of Minshuto, the Japanese Communist Party (JCP), the Social Democratic Party (SDP), and the People's New Party met in the Diet building yesterday and conferred on how to respond to the controversial bill. The JCP and the SDF proposed working together against the bill, but the Minshuto representative only said, "We will decide on our stance while watching the contents of the intensive deliberations." The People's New Party decided to support the bill after the meeting.

In negotiations over deliberations on the bill, the ruling camp accepted Minshuto's proposal for three-day intensive talks before starting discussions. Minshuto member Yukichi Maeda argued in yesterday's meeting, "If a decision is made to raise the JDA to a ministry, the details (of the bid rigging scandals involving the agency) must be uncovered first." But the ruling bloc aims to take a vote at an early date, as a senior member of the Liberal Democratic Party's Diet Affairs Committee said, "Two days are enough for discussing the bill after the intensive deliberations are over."

The Minshuto executive has judged it better to maintain cooperation with the JCP and the SDP in the Diet until the Okinawa gubernatorial election on Nov. 19 in order to ensure cooperative campaigning among the opposition parties. In the party, however, "there are at least 50 members willing to vote for the bill," a mid-ranking member said.

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If the party pushes ahead with a stance against the bill despite such a situation, a number of members will undoubtedly rise in rebellion. The party now remains unable to discuss the issue even at a joint meeting of its foreign and defense councils.

16) Nakagawa's nuclear-debate argument escalating due to Abe's silence; Ruling coalition may be thrown into turmoil

MAINICHI (Page 5)(Full)  
November 2, 2006

LDP Policy Research Council Chairman Shoichi Nakagawa has repeatedly made statements about a nuclear option for Japan. He has argued that according to the government's interpretation of the Constitution, nuclear weapons are included in minimum necessary armaments, while underlining the country's stance of upholding the three nonnuclear principles, leaving the impression that there no longer exist constraints on nuclear debate helped by Prime Minister Abe's "silence." But Nakagawa's convincing words and deeds have resulted in strong anxieties even in the ruling coalition. An escalation of his comments may throw the government and the ruling bloc into confusion.

"If we don't discuss the matter now, which has not been debated, when can we do so? Now that the other side (North Korea) has used a card it had never used before, we have no other option but to discuss going nuclear."

Nakagawa held a press conference at the Japan National Press Club yesterday in which he discussed Japan's nuclear option for 45 minutes, one-third of the total time.

Everything started with an Oct. 15 television program in which Nakagawa said, "Debating nuclear weapons is one of the options." This drew criticism from opposition parties. On Oct. 18, Foreign Minister Taro Aso echoed Nakagawa by saying before the Lower House Foreign Affairs Committee, "Discussion is important." Encouraged by Prime Minister Abe's comment that freedom of speech must not be suppressed, Nakagawa appears to have no intention of holding his tongue.

Abe, however, declared in a speech in Tokyo on Oct. 27, "The government and LDP panels will not discuss the matter." Nakagawa has made the controversial remarks as LDP policy chief, but Abe has defended him as having made the comments in a "private capacity." This seems to have helped lower the hurdle for a nuclear debate.

In the meantime, former LDP Vice President Taku Yamasaki said in a strong tone at his faction meeting yesterday: "At a time the country is taking sanctions against North Korea following its nuclear test, discussing a nuclear option is utterly inappropriate. Debate must be blocked." New Komeito leader Akihiro Ota also objected to nuclear debate yesterday, noting: "A person in a key government or ruling party position must not discuss the matter." But Nakagawa does not seem to care such advice. The floor for a nuclear debate is expanding.

17) Heizo Takenaka to return to Keio University

YOMIURI (Page 2) (Full)  
November 2, 2006

TOKYO 00006339 010 OF 011

Heizo Takenaka, 55, who served as minister of internal affairs and communications in the Koizumi government, will come back to Keio University as professor, Yomiuri learned yesterday. Takenaka has been unemployed since he quit his House of Councillors seat in late September, saying, "My job in the political world was over." All eyes were therefore forced on what he would do next.

Takenaka entered the Development Bank of Japan in 1973. After working as associate professor at Osaka University and professor at Keio University, he assumed the post of state minister in charge of economic and fiscal policy in April 2001 in the Koizumi cabinet. He provided theoretical support for then Prime Minister Koizumi structural reform drive, which included financial revitalization and postal privatization.

18) Basic Education Law revision bill likely to clear the Diet as ruling and opposition camp agree on holding public hearings

TOKYO SHIMBUN (Page 1) (Full)  
November 2, 2006

The likelihood is that a bill revising the Basic Education Law, now in the Diet spotlight, will be passed during the ongoing session. Directors of the House of Representatives Special Committee on the Basic Education Law agreed last evening to hold public hearings on Nov. 8 in the cities of Nagoya, Tsu, Sendai and Utsunomiya. Given that, the environment for taking a vote on the bill has now been prepared.

The ruling parties initially called for holding those public hearings on Nov. 6, but they gave a concession to the opposition camp to hold them on Nov. 8, conducting deliberations on the bill on the 6th.

Holding public hearings is stipulated in a Lower House rule. Therefore, special committee members have to hear views from experts in local cities. With the conclusion of the public hearings, the Lower House will complete deliberations on the bill. It has been the practice for the ruling camp to move into action to put a bill on a vote.

The Lower House spent in the previous session 50 hours for deliberations on the government-sponsored bill and a bill submitted by the main opposition party Minshuto (Democratic Party of Japan). The two bills have been carried over to the current session.

The opposition bloc has called for holding more public hearings in local cities and Tokyo. So they intend not to respond to discussion on setting the voting date. The dominant view in the ruling coalition is that the deliberations on the bill were sufficient and they are now ready to take a vote.

The ruling camp foresees that even if the bill fails to clear the Lower House in early November as they expected, it is possible for it to be passed in the current extra Diet session, which runs until Dec. 15.

19) Prime Minister to pour effort in boosting production of biofuel as new energy resource

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Prime Minister Shinzo Abe instructed Agriculture, Forestry and Fisheries Minister (MAFF) Toshikatsu Matsuoka yesterday to make arrangements to expand the production of bioethanol, a part of biofuel derived from agricultural products, like corn. Abe sets forth the goal of producing 600 million kiloliters of bioethanol, or 10% of annual domestic consumption of gasoline. The government plans to boost production mainly in Hokkaido and Okinawa. Spreading biofuel is part of efforts to contain global warming and to increase energy resources, as well as to create new jobs by fostering a new industry.

Biofuel is derived from living organisms, such as raw garbage, wood shavings, and manure from livestock, and bioethanol is a part of it. According to MAFF, Brazil produced 16.7 billion kiloliters of biofuel in 2005 to use the product for autos.

In Japan, however, only 30 kiloliters of biofuel is produced annually. Matsuoka said, "We are still in an experimental phase." MAFF has requested in its FY2007 budget request 10.6 billion yen for the biofuel project with the goal of producing more than 50,000 kiloliters of biofuel in FY2023. The prime minister also took up in his policy speech the need to accelerate the use of bioethanol. The year targeted by MAFF might be moved up.

20) Prime minister to call for government bond issues to be held to 27 trillion yen or less in FY2007 budget

MAINICHI (Page 1) (Excerpts)  
November 2, 2006

The government decided yesterday to hold down the new government bond issuance in the FY2007 budget to 27 trillion yen or less. Prime Minister Abe will shortly notify the government and the ruling parties of this policy decision. Abe has already instructed them to set the amount for next fiscal year at lower than the amount in this fiscal year (29.97 trillion yen). The prime minister is willing to show his determination to continue fiscal reconstruction efforts by reducing the nation's deficit more significantly than in the days of the Koizumi administration through tax revenue increases and spending cuts.

After the bursting of the bubble economy, government bond issuance rapidly surged because of sharp decreases in public works projects and tax revenues. Since FY1998, the amount of issuance remained at the 30 trillion yen level for eight consecutive years. Former Prime Minister Junichiro Koizumi pledged to hold down the government issuance to below 30 trillion yen when his administration was inaugurated.

Abe deemed it necessary to show his policy of "giving priority to spending cuts over debate on the consumption tax" by further promoting Koizumi's goal of capping the issuance at 30 trillion yen.

SCHIEFFER